

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 19 MARCH 2019

Inverclyde Integration Joint Board Audit Committee

Tuesday 19 March 2019 at 1pm

Present: Councillors L Quinn and L Rebecchi, Mr A Cowan, Dr D Lyons and Mr I Bruce.

Chair: Councillor Rebecchi presided.

In attendance: Ms L Long, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Ms L Aird, Chief Financial Officer, HSCP, Ms S McAlees, Head of Children's Services & Criminal Justice, Ms A Mailey (for Head of Strategy & Support Services), Ms A Priestman, Chief Internal Auditor, Ms V Pollock (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

In attendance also: Mr M Laird (Audit Scotland).

5 **Apologies, Substitutions and Declarations of Interest** 5

No apologies for absence or declarations of interest were intimated.

6 **Minute of Meeting of Inverclyde Integration Joint Board (IJB) Audit Committee of 29 January 2019** 6

There was submitted minute of the meeting of the Inverclyde Integration Joint Board (IJB) Audit Committee of 29 January 2019.

In relation to the IJB Directions Policy, it was noted that the Scottish Government's anticipated timescale for finalising and publishing statutory guidance on directions was approximately six months.

Decided: that the minute be agreed.

7 **External Audit Fee 2018/19** 7

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership advising the Committee of the response from Audit Scotland relative to the organisation's fee proposal for 2018/19. The report advised that as agreed by the Committee at its January meeting, a letter had been sent to Audit Scotland querying the fee and in particular the significant increase over two years but that Audit Scotland's response was that it was not proposing to change the fee structure.

During the course of discussion on the item it was noted that Audit Scotland's fee was based on a budgeted number of days with more complex audits over and above these budgeted days attracting an additional charge. None of Inverclyde IJB's Audits to date had attracted an additional charge.

Decided: that the response from Audit Scotland be noted and that Officers be authorised to accept the proposed fee.

8 **Internal Audit Progress Report – 7 January to 22 February 2019** 8

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership on the progress made by Internal Audit during the period from 7 January to 22 February 2019.

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The Chief Internal Auditor presented the report, being the regular progress report, and advised as follows:

(1) One Internal Audit report (IJB Financial Planning) had been finalised since January 2019 with an overall control environment opinion of satisfactory. There were two green issues and an action plan was in place to address both issues by 30 September 2019;

(2) In relation to the audit follow-up, one item was due for completion at the end of January and this was reported to the January IJB Audit Committee meeting as being complete;

(3) There were ten current actions being progressed by Officers and meetings had been held with relevant Officers to ensure that the specified deadlines were achievable;

(4) Since January 2019, there were no Internal Audit reports issued to and agreed by the NHS Greater Glasgow & Clyde (NHSGG&C) Audit Committee which were relevant to the IJB Audit Committee;

(5) Since January 2019, there was one Internal Audit report presented to Inverclyde Council which was relevant to the IJB Audit Committee (Corporate Purchase Cards). Overall, this had a satisfactory control environment opinion with seven green issues identified. An action plan had been agreed and was due for completion by 30 June 2019;

(6) There continue to be a number of investigations carried out in relation to misuse of blue badges and misuse of expired blue badges.

During discussion on this item, key issues highlighted were:

Moving Forward Together Agenda - There were no undue concerns regarding the alignment of NHS Board and IJB plans with any reporting being through the NHS Board.

Reporting Arrangements - It was clarified that it was the responsibility of relevant Officers to close off outstanding audit actions (with evidence requiring to be provided for red or amber issues) and that these updates would, in each case, be reported back to the IJB Audit Committee.

Corporate Purchase Cards - It was noted that the seven green issues identified in the Inverclyde Council audit to enhance the control environment were relevant to all officers within the HSCP and that procedures were transparent, allowing shared learning.

Current Management Actions as at 28 February 2019 - It was clarified that there were four rather than five audit action points specified in Appendix 1 where the agreed deadline had been missed.

Strategic Plan - It was confirmed that some of the 10 audit actions referred to in Section 3 of the report were linked to and captured by the new Strategic Plan.

Issue of Blue Badges and Expired Blue Badges - It was noted that information on Council car parks and parking restrictions was available on the Council's website and was also contained within the information pack provided with the blue badges.

Decided: that the progress made by Internal Audit in the period from 7 January to 22 February 2019 be noted.

9 External Audit – Annual Plan 2018/19

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There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership appending the External Audit Plan 2018/19 produced by Audit Scotland.

Mr Mark Laird presented the External Audit Plan 2018/19 on behalf of Audit Scotland. It was noted that the Plan is comprised of two sections:

Risks and Planned Work - One risk had been identified - risk of management override of controls. It was explained that this was an inherent risk in every audit. The Audit Outputs for 2018/19 and target timescales were also highlighted and explained.

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Audit Scope and Timing - It was explained that this section included information on the Annual Accounts and timetable, calculating materiality values and the audit dimensions (financial sustainability; financial management; governance and transparency; value for money) which frame the wider scope of public sector audit requirements.

Decided: that Audit Scotland's Annual Audit Plan 2018/19 be noted.

10 Financial Regulations Update

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There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership seeking approval of revised Financial Regulations which detail the responsibilities of the Integration Joint Board for its own financial affairs.

Decided: that the contents of the report be noted and that approval be given to the revised Financial Regulations as set out in Appendix 1.

11 IJB Risk Register

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There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership seeking approval of the new IJB Risk Register which was fully reviewed and re-scored at the 20 February development session facilitated by CIPFA, taking account of the risks relevant for the IJB, current controls and mitigations in place.

The Committee was asked to note that, in relation to the HSCP Operational Risk Register, (which has its own reporting line directly to Inverclyde Council and the NHS Board), as at February 2019 there was one risk classified as very high/red. This was Risk 3 (Medical Workforce) with a risk of failing to maintain medical capacity and clinical leadership. The Corporate Director (Chief Officer) advised that an action plan had been prepared and short term cover agreed.

The following matters were discussed in relation to the report:

- (1) The possible addition of a target risk score after mitigating actions. The Committee was advised that before this could be done, it would be necessary to define the risk "appetite" or tolerance level and to set a target under that level. Any risks above the tolerance level would be reported to the Committee. The use of heat maps could also allow a focus on high risks. The matter could be reviewed as time went on.
- (2) The need to review the Risk Register and actions over time.
- (3) The attribution of Risk 5 (Performance Management Information) to IJB Members rather than Officers.
- (4) The need to continue the process of establishing time frames for all controls, it being noted that the time frame for the development of a Community Engagement Strategy for the HSCP under Risk 6 would be reinstated.

Decided:

- (1) that the contents of the report be endorsed and that agreement be given to the new Risk Register based on the discussions at the 20 February 2019 development session;
- (2) that the reporting process be noted;
- (3) that any high/red risks contained on other HSCP Operational Risk Registers be noted;
- (4) that agreement be given to the proposed IJB Strategic Risk Register; and
- (5) that it be agreed that going forward, the Audit Committee review the IJB Strategic Risk Register annually with a six monthly update to the Committee reflecting all red/very high risks.